



**ORDER NUMBER
G-352-22**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Annual Review for 2023 Delivery Rates

BEFORE:

A. K. Fung, KC, Panel Chair
W. M. Everett, KC, Commissioner
B. A. Magnan, Commissioner

on December 5, 2022

ORDER

WHEREAS:

- A. On June 22, 2020, the British Columbia Utilities Commission (BCUC) issued its Decision and Order G-165-20 for FortisBC Energy Inc. (FEI) and Order G-166-20 for FortisBC Inc. (FBC), approving a Multi-Year Rate Plan (MRP) for 2020 through 2024 (MRP Decision). In accordance with the MRP Decision, FEI is to conduct an annual review (Annual Review) process to set the delivery rates for each year;
- B. By letter dated June 28, 2022, FEI proposed a regulatory timetable for the Annual Review of its 2023 delivery rates;
- C. By Orders G-194-22 and G-240-22, the BCUC established and later amended the regulatory timetable for the Annual Review of FEI's 2023 delivery rates, which included FEI filing its Annual Review materials, intervener registration, one round of information requests, a workshop, FEI's response to undertakings at the workshop, and written final and reply arguments;
- D. On July 29, 2022, FEI submitted its materials for the Annual Review for 2023 Delivery Rates Application (Application). In the Application, FEI requests, among other things, a 7.42 percent delivery rates increase over the 2022 delivery rates, on an interim basis, effective January 1, 2023;
- E. On October 24, 2022, FEI filed an evidentiary update (Evidentiary Update) to the Application which adjusted FEI's requested 2023 delivery rates increase from 7.42 percent to 7.69 percent; and
- F. The BCUC has reviewed the Application, evidence and arguments filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 44.2(3), 59 to 61, 89 and 99 of the *Utilities Commission Act*, for the reasons stated in the decision issued concurrently with this order, the BCUC orders as follows:

1. FEI is approved to recover the 2023 revenue requirement and increase delivery rates for 2023 by 7.69 percent on an interim and refundable/recoverable basis, effective January 1, 2023, pending the outcomes of Stage 1 of the BCUC's current generic cost of capital proceeding and FEI's Application for Acceptance of Demand Side Management Expenditures for 2023 proceeding.
2. The level of forecast sustainment and other capital to be incorporated in rates for the years 2023 and 2024, as set out in Appendix A to the Evidentiary Update, is approved.
3. FEI is approved to:
 - a. Establish a rate base deferral account titled, the Gibsons Capacity Upgrade Preliminary Stage Development Costs deferral account, and amortize the deferral account over three years, commencing January 1, 2023;
 - b. Amortize the existing COVID-19 Customer Recovery Fund Deferral Account over three years, commencing January 1, 2023;
 - c. Change the amortization period of the existing Emissions Regulations deferral account from five years to one year, commencing January 1, 2023; and
 - d. Amortize the existing [Fort Nelson service area] FEFN Common Rates and 2022 Revenue Requirement Application Costs deferral account over one year, commencing January 1, 2023.
4. FEI is approved to cease reporting on the COVID-19 Customer Recovery Fund Deferral Account following the submission of a final quarterly report for Q4 2022.
5. FEI is approved to set the Biomethane Variance Account Rate Rider for 2023 in the amount of \$0.132 per gigajoule (GJ) as set out in Section 10.3.1 of the Application.
6. FEI is approved to set the Revenue Stabilization Adjustment Mechanism riders for 2023 in the credit amount of \$0.209 per GJ as set out in Table 10-5 in Section 10.3.2 of the Application.
7. FEI is approved to set the Fort Nelson Residential Customer Common Rate Phase-in Rate Rider for 2023 in the credit amount of \$1.117 per GJ as calculated in Appendix A to the Evidentiary Update.
8. FEI is approved the 2023 Core Market Administration Expense (CMAE) budget of \$5.795 million, as set out in Schedule 1 of Appendix B of the Application, and to continue to allocate the CMAE costs between FEI's Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account at 30 percent and 70 percent, respectively.
9. The capital expenditure schedule for the Gibsons Capacity Upgrade Project in the amount of \$12.194 million is accepted as set out in Section 2.2 of the Decision.
10. Directive 10 of Order G-319-20 is rescinded and replaced with the following: "FEI is approved to record COVID-19 incremental costs and related savings from 2020 and 2021, as discussed in Section 12.2.1 of the Application, into the Flow-through deferral account."

11. Directive 2 of Order G-83-14 is rescinded and replaced with the following: “Approval is granted until such time as FEI no longer has an exemption to prepare and file its financial statements in accordance with US GAAP or is no longer reporting under US GAAP for financial reporting purposes”.
12. FEI is directed to file as a compliance filing, the tariff continuity and billing impact schedules for 2023 no later than 10 days from the date of the issuance of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of December 2022.

BY ORDER

Original signed by:

A. K. Fung, KC
Commissioner